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STATE OF EMERGENCY TO CONTINUE FOR 6 MONTHS

PY081750 Santiago Chile Domestic Service in Spanish 1630 GMT 8 Mar 79 PY

[Text] Interior Minister Sergio Fernandez announced today that the state of emergency will be maintained throughout the country for another 6 months. The appropriate decree will be released on Monday, 12 March, after the current state of emergency period expires. The minister indicated that every time a period ends an analysis is made of whether it should be maintained or not. He believes it should be maintained to guarantee the order, tranquillity and security of all Chilean people.

Fernandez said the recent extremist attacks were isolated incidents perpetrated by unstable elements.

DIEZ RETURNS FROM UN HUMAN RIGHTS TALKS IN GENEVA

PY090004 Santiago Chile Domestic Service in Spanish 2300 GMT 8 Mar 79 PY

[Text] Sergio Diez, Chilean ambassador to the United Nations, arrived last night in Santiago. He arrived from Geneva, where he attended the debates of the UN Human Rights Commission, which in its last session discussed exclusively the Chilean case. The diplomat was accompanied by other Foreign Ministry officials, who this morning also resumed their normal activities. Ambassador Diez declined to make any statement by noting that he must first brief the president. It is expected that Pinochet will meet with Diez tomorrow.

Diez today held extensive meetings with top Foreign Ministry officials, including Foreign Minister Hernan Cubillos and Deputy Foreign Minister Enrique Valdez. Ambassador Diez will also attend the meeting of Chilean ambassadors to Latin America which starts next week.

FOREIGN MINISTRY DECLARATION ON ATTITUDE TOWARD UN

PY081347 Santiago Chile Domestic Service in Spanish 1000 GMT 8 Mar 79 PY

[Text] Chile will adjust its behavior to the treatment it receives from the United Nations. If this organization fails to abide by objective and generally valid guidelines, the Chilean Government will cooperate only when its sovereignty and regular UN procedures are respected. This is part of a Foreign Ministry declaration released today.

In the declaration Chile categorically rejects a decision of the UN Human Rights Commission to appoint nine persons of different nationalities to examine the Chilean situation. The Foreign Ministry indicates that the resolution is discriminatory against Chile.

It points out that many of the nations who supported the resolution had denounced, both before the General Assembly and the Human Rights Commission, the double-standard policy applied by the United Nations toward Chile. These very nations applauded Chile's decision to open its doors to an investigating committee. It is difficult to reconcile this attitude with the support for discriminatory treatment toward a country which was cited as an example the day before. This precedent of accepting an investigating committee will now play a negative role, because no other country, especially if it is small and has no political power, would dare to accept any such committee.

The Foreign Ministry also criticizes the nations which have a background of human rights violations for not following the precedent Chile set.

The declaration indicates that it is easy to see that the Human Rights Commission is highly politicized if we take into account the fact that the General Assembly granted this commission the powers to investigate the fate of all missing persons throughout the world. However, the commission appointed nine persons of different nationalities to concentrate on Chile's case alone.

The Foreign Ministry emphasizes that this is taking place while the human rights of thousands of persons are violated throughout the world every day. The ministry indicates that Chile was fully entitled to expect the end of the arbitrary ad hoc procedure applied by the United Nations to Chile. Instead, the declaration states, making a crude mockery of Chile's good faith and its own guidelines, the Human Rights Commission went on to establish three new ad hoc procedures. In fact, the prior group is maintained under a different name, and an additional group of experts has been created to study the cases of missing persons. It must be pointed out that since these procedures have no legal basis in the UN Charter, and since they do not have the consent of Chile, they have no legal or moral strength.

The declaration goes on to state that Chile has categorically rejected this evil resolution and considers itself free to adjust its behavior to the treatment received from the United Nations. If this organization fails to abide by objective and generally valid guidelines, Chile, in fulfilling its international commitments, will cooperate only with those organizations which respect its sovereignty following their own regular procedures.

The Foreign Ministry concludes its declaration by expressing its gratitude to those countries which did not hesitate to oppose the resolution bravely and openly. It adds that Chile will not suffer from this resolution. The victim will again be the cause of human rights, which has now received a new blow from those who purport to be its advocates.

BRIEFS

OIL EXPLORATION--The National Petroleum Enterprise, ENAP, will carry out oil exploration activities this year from Arauco to Llanquihue. Geological and geophysical studies have already been made, and works are under way to drill eight wells in search of light gas and oil. Four of these wells are on firm land and four in sedimentary basins of the marine platform. The first well is located in (Punta Labasia), 27 km west of Arauco; another will be located on the northern tip of Santa Maria Island, in the Arauco Gulf; others will be located on Mocha Island; a fifth will be located in (Rague), 13 km northeast of Osorno; another well will be located in (Tehualda), in Llanquihue Province; and the other two will be located near Los Muermos, also in Llanquihue Province. [Santiago Chile Domestic Service in Spanish 2300 GMT 6 Mar 79 PY]

HAYA DE LA TORRE IN 'CRITICAL CONDITION'

PA090147 Buenos Aires LATIN in Spanish 0103 GMT 8 Mar 79 PA

[Excerpt] Lima, 8 Mar (LATIN)--Political sources today described Victor Raul Haya de la Torre, leader and founder of the Aprist Party of Peru, who is suffering from lung cancer, as being in critical condition with an unknown [reservado] prognosis.

A medical board agreed tonight to transfer the veteran leader to Houston, Texas, in order to hospitalize him in the Anderson Memorial Hospital.

His trip to Houston is scheduled for tomorrow, Friday, at 0600 GMT on Braniff Flight 978, which stops in Miami.

ASSEMBLY DECLARES DECREES AGAINST MAGAZINES ILLEGAL

PA081932 Paris AFP in Spanish 1653 GMT 7 Mar 79 PA

[Text] Lima, 7 Mar (AFP)--The Peruvian Constituent Assembly last night declared that some of the official decrees that shut down 10 magazines of various political trends in January and February of this year in Lima are illegal.

The Constituent Assembly also submitted for discussion a motion from the left and extreme leftwing proposing that the debate on the new constitution be suspended as long as the state of emergency is in effect, guarantees suspended, and the magazines shut down.

This motion was defeated before it was even submitted for discussion. Carlos Enrique Ferreyros, spokesman for the American Revolutionary Popular Alliance (APRA) wing, considered the motion outrageous because last night some of its contentions no longer had any basis, as the government proceeded to suspend the state of emergency and restore constitutional guarantees, except for the one that has to do with personal freedom.

The motion referring to the magazines was based on the constitutional right establishing that under no circumstance will any action be taken against the freedom of expression, a right that is indispensable for the work of the Constituent Assembly and the coming electoral process.

Just before the motion was approved, the assembly had listened to directors of the suspended magazines make a similar complaint before the committee on human rights.

The committee pointed out that on 6 and 8 January 1979, the Constituent Assembly had already expressed itself in favor of an absolute respect for the freedom of expression guaranteed by the constitution and the universal declaration on human rights.

The committee also said that decrees issued against the magazines were a violation of the freedom of expression and incompatible with the measures being taken for the transfer of power to civilians.

PRESIDENT PEREZ DELIVERS FINAL STATE OF UNION ADDRESS

PA071937 Caracas Domestic Service in Spanish 1424 GMT 7 Mar 79 PA

[State of Union address by Venezuelan President Carlos Andres Perez before joint session of Congress in Senate chamber of Venezuelan Congress in Caracas--live]

[Excerpts] Citizen President of the Congress; Citizen Vice President of Congress; Citizen President of the Supreme Court of Justice; Your Eminence Cardinal Jose Humberto Quintero, archbishop of Caracas; Citizen President of the Supreme Electoral Council; Citizen President of the Council of the Adjudicature; citizen members of the Executive Cabinet; your excellencies chiefs of mission of friendly countries; citizens attorney general, comptroller and prosecutor of the republic; citizen members of the high military command; citizen presidents of the municipal councils of the Federal District and Sucre District; citizen auxiliary bishops of Caracas; citizens presidents and members of the political parties; Citizen President of the Association of the Chambers of Commerce and Industry; Citizen President of the Confederation of Workers of Venezuela; Citizen President of the Pro-Venezuela Association; citizen deputies; citizen senators; Venezuelan men and women:

For the fifth and last time I have the pleasant duty of fulfilling the constitutional mandate of presenting to Congress and the people of Venezuela my message as president of the republic. We are concluding a decisive historic phase in the building of a great Venezuela with unceasing efforts. It is a responsibility that in a few days I will transfer to my legitimate successor.

The electoral process which ended on 3 December 1973 once again tested the institutional solidity of the democratic system. The elections of that day are a source of pride for the country's civic prestige. They demonstrated the vigor and strength of Venezuelan democracy and the uninterrupted political progress of our people.

The fifth plan of the nation was initially received with skepticism because of the fatalistic attitude of those who do not believe in Venezuela and who favor the sociological [word indistinct] which was used in the past to justify autocracies and despotism. In this year of 1979 we can state that not only has the productive apparatus been modernized and expanded but, as an unwavering goal in a functional democracy, economic growth has been accompanied by specific and effective measures to give growth a social dimension. We have always insisted that the objectives of social and economic democracy are unrenounceable. The well-being of all sectors of the national community is the authentic and real goal of our democracy.

Today we can state that unemployment has been overcome. For the first 6 months of 1978, statistics show that employment increased to 4 million persons, with an increase of 600,000 new jobs, thus providing jobs not only for those new persons who enter the job market annually but also for a substantial part of the unemployed population. There was a decrease of unemployment in absolute and relative terms in all regions, both urban and rural areas, and among men and women. Today there is only a 5-percent unemployment rate, which is acceptable in a policy of full employment.

One must stress the drop in unemployment of the most deprived sector of the population--the illiterates. Unemployment among them was quite high. The most recent statistics show a figure less than 3 percent. Likewise, there was a decrease of low-paying jobs to 9 percent.

The agricultural and livestock sector experienced (?growth rate) of more than 5 percent and it would have been higher if the 1976 climatic disaster had not affected it, as is demonstrated by the fact that the growth rate for 1978 was 7 percent. Nevertheless, this means that we have had a growth rate which surpassed by 2 percent the demands caused by the increase of population for the first time in the country's history. [as heard] Even though [words indistinct] could not respond to the new requirements of the demand.

The fixed gross investment in the agricultural sector from 1969 to 1973, a (?decreasing) tendency, was 5 billion bolivares. From 1974 to 1978, it was over 13 billion bolivares. Nevertheless, this important increase of the domestic supply of agricultural and livestock products has had to be complemented with imports to satisfy the demands of families and production activities. In terms of percentages, however, imports have not increased thanks to important increases of production, the result of efforts over the past 5 years.

In the electricity sector 2.6 million persons were provided with electric power in 1973. In 1978 electricity reached 7 million persons. What has truly taken place can be seen better in the figures on the number of users. There were 630,000 residential users in 1973, while there were 1.2 million in 1978. There was also an increase of non-residential users. They increased from 770,000 to 140,000. [as heard]. Small and medium term energy measures were rapidly taken. Available plants were sought in the world market and 36 turbogas units with a capacity of 20,000 kilowatts each were imported. Preparation for the project and the construction of [word indistinct] plants in Moron was begun to generate up to 2 million kilowatts. Two units of 400,000 kilowatts are already in service. The first phase of the [word indistinct] project, which will be completed in 1985, was concluded in February 1978, doubling the capacity of the country's most important hydroelectric plant. Along with the turbogas plants, this permitted an increase in capacity from 2.8 million kilowatts in 1974 to 6.5 million kilowatts. The last phase of the (Guri) project was begun to produce 9 million kilowatts. In the project of the Raul Leon Dam, 3.4 billion bolivares has been invested. The total investment will be more than 15 billion bolivares. It is expected that it will be completely finished in 1985. In the central plant 1.4 billion bolivares has been invested. The investment will amount to 2 billion bolivares. In Los Andes, the [words indistinct] system is being constructed. In its final phase it will have a capacity of 2.5 million kilowatts. The investment will amount to 5.4 billion bolivares. Work is being undertaken in the first phase to produce 300,000 kilowatts for the second half of 1983. In summary, during the past 5 years the installed electric energy capacity was tripled, increasing to 7.3 million kilowatts.

We have taken advantage of the characteristics of the country's high river basins to apply technology for transporting water by gravity to interconnect regional aqueducts. There has been an investment of 10 billion bolivares in the construction of aqueducts. The aqueduct of the metropolitan area being built from the Macarao Dam will permit Caracas to have a reserve to cover shortages or emergencies that might arise in the [word indistinct] systems.

The telecommunications services also suffered problems caused by the country's economic progress, bringing about an increase in demand and intensifying accumulated (?deficits). There was also unprecedented growth in the national and international movement of persons and merchandise. As with other services, the infrastructure of airports and ports had to be rapidly developed. A master plan which foresees future expansion was drafted.

During the past 5 years 2 billion bolivares was invested to modernize port services and more than 400 million was spent on the purchase of equipment. The ports of La Guaira, Puerto Cabello, Maracaibo, Guaranao, Guanta, Puerto Sucre and Carupano were expanded and modernized. The National Port Institute was created. It has carried out great work in planning the projects that must be undertaken in 1979 and 1980 with an investment of 1.5 billion bolivares so that Venezuela will not again encounter such serious problems due to lack of foresight.

The policy of rapid development which we decided to implement has created an economy and a society increasingly more complex which require priority attention in strategic areas such as health and education. The country has also felt a great pressure in the demand for these essential services. It should be understood that education is a process. Its results can only be seen in the long run, particularly if we consider that we are facing a new reality in participation and democratization of education. Four million Venezuelans are receiving an education. In 1978 the (?formal) system covered 3.7 million students, close to one third of the country's total population. This figure plus those covered by programs of the National Institute of Cooperative Education [INCE], gives a total of 4.1 million participants. This shows that almost 35 percent of Venezuelans receive attention in the educational system. This places Venezuela in a most outstanding position in the field of education in Latin America.

Between 1969 and 1973, 11 billion bolivares was invested in operations expenditures and construction of schools. Between 1974 and 1978 investments amounted to 36 million bolivares, [words indistinct] effort and cost of the investment. There was also a doubling of the higher education institutes.

The struggle waged on behalf of the health of Venezuelans was just as intense as the one waged in the area of education. I have repeatedly affirmed that malnutrition constitutes the most pressing national problem and that the investments made in the area of education will not be profitable unless we overcome this important nutritional deficit.

The 1978 health indexes confirmed that the efforts made during my administration have not been in vain. Mass health services, environmental sanitation, the [words indistinct] of children and the social security system all represent specific achievements. It is recorded here that the general mortality rate dropped from 7 to 6 for every 1,000 inhabitants. As regards the infant mortality rate, it was reduced from 54 to 35 for every 1,000 children born alive. Meanwhile, the life expectancy rate went from 66 to 68 years of age.

Throughout the country 8,319 beds have been provided--(6,000) in new hospitals and 3,000 in new hospital wings. We still have to incorporate several buildings that are currently under construction. This will provide 2,700 additional beds in order to reach a total of 11,000 beds. [all figures as heard]

Included among construction that has already been completed and is fully operating we have 9 general hospitals, 16 health centers, 18 rural hospitals, 5 maternal-children's hospitals, 1 [word indistinct] hospital, 2 maternity hospitals, 18 psychiatric units, 15 ambulatory centers, (?9) geriatric units, 45 rural clinics, 612 dispensaries, 125 service modules providing medical attention, and 765 odontological units that provide a service not available in the past to popular sectors.

All of these buildings and medical services currently rendering service and those that will soon, represent over 30 percent of the medical infrastructure that existed in 1974. Five billion bolivares has been invested in this construction, adding up to a grand total of 16 billion bolivares invested in the area of health during the 5-year period.

Regarding the social security system, certain comparative figures show how much progress has been made in connection with the poorer sectors' pensions in order to fight poverty. In 1973 there were only 997,000 social security beneficiaries; in 1978, 1.53 million. Social security revenues went from 1.158 billion bolivares to 3 billion bolivares, an impressive figure--an additional 2 billion in revenues--because there are now more workers, more employers and therefore, quotas are much higher as a result of the full-employment policy.

In 1973 there were 37,000 social security pensioners at a cost of 436 million per year. In 1978 there were 92,000 pensioners and the social security system was paying 1.8 billion bolivares per year. My government received the pension fund with a debt of 900 million bolivares. Today 6 billion bolivares are deposited in the central bank. [applause]

The nation's public debt amounted to 49,098,000,000 bolivares on 31 December 1978. This represents a 42 billion increase as compared to the 7 billion reported when I took office. This is reduced to 30 billion bolivares once you subtract the 12 billion from the decentralized public administration's floating debt which was regulated and refinanced during this 5-year period in order to level [since?] and normalize the indebted institutes' situation.

Public debt is always a controversial topic in all countries. The reasons for it and the benefits which it generates should be evaluated. Venezuela's current exceptional historic situation could not be wasted, and the audacity needed to enter the mainstream of the country's accelerated development did not allow hesitation or fears.

It has been clearly shown that the infrastructure for fundamental services--water, electricity, transportation, telephone, medical and educational facilities--was less than the immediate and related needs of the population and their economic activities. It was also impossible to efficiently look into the demands imposed by a rapidly growing population which had been accumulating significant social deficits. The decision was made to confront this picture of backwardness and accumulated needs at different levels of the national life in drastic, determined and accelerated fashion. If this is inevitably reflected in the volume of investments and the public expense in general, I assume this responsibility with satisfaction.

The fixed gross investment at the constant prices of 1968 exceeded during this 5-year period the sum of 123 billion bolivares. The figure reveals an important capitalization effort during this period, which is almost twice as much as the 70 billion invested during the 1969-1973 period.

The rate of capitalization maintained by the state's strategic industries gives coherence and integrates the productive apparatus. But it unavoidably (?had to) promote the volume of exports. The external component of the new investments amounted to over 81 million bolivares, equivalent to 38 percent of the total, which was partially covered by the public debt contracted abroad. The balance of this debt in late 1978 amounted to 31 billion bolivares, or 63 percent of the total debt.

The nationalist and conservationist policy decreed and maintained by my government responds to the sale and liquidation of our oil and iron wealth [words indistinct]. In the past the country's need for currency was covered by increasing the volume of exports, thus accelerating the exhaustion of that wealth which nature has bestowed on us.

We also resorted to raising the taxes of concessionary companies and at times favored the unconditional or indiscriminate investment of foreign capital in our country in order to exploit our wealth.

With firmness we have implemented a conservationist policy for the oil industry. Real resources each day acquire a greater value, while financial instruments tend to lose value with time. Production volume was reduced by over 36 percent as compared to the 1973 level. The amount of oil saved during these past 5 years is equivalent to 1.8 billion barrels worth $25 billion. Had production been forced, there would have been no need for indebtedness, we would now have a financial surplus and our international reserves would be substantially higher. But our deposits would have been depleted in an irresponsible manner and we would have lost the opportunity of cancelling our debt in accordance with its own nominal terms at a later time when oil had a much higher monetary value.

It is worth mentioning that with the new prices established by OPEC in December 1978 we will obtain additional revenue in excess of 3.5 billion bolivares this year aside from the extra revenue to be obtained for the duration of the Iranian crisis. These revenues will amount to a 5 billion bolivares surplus. This circumstance will make new price increases inevitable, as is already the case upon expiration of the present sales contracts. This situation will probably have to be considered at the next OPEC meeting, not for the purpose of speculating as a transnational monopoly would do, but in order to normalize and make uniform the market which is currently subject to buyers' speculatory activities and also, for conservation purposes, in order to compel the industrialized nations to decrease the waste of this resource--both so critical and [word indistinct]--until the possibility of finding a suitable substitute at a reasonable price becomes a reality.

In view of this new stage in the energy crisis that began with the incidents in Iran, it is necessary that the OPEC members not forget the solemn commitments of the Algiers declaration. It is imperative for the organization to find an efficient formula to absorb the impact that the new oil price hikes will have on the economies of the other Third World countries. We are an essential instrument in a worldwide offensive [controversia] to create a new international economic order, not a monopoly to obtain at the expense of the weakest the benefits and wealth that should be administered bearing in mind the various conditions in the consumer countries.

The nationalist policy that we have practiced regarding commitments signed on the treatment of foreign capital has also been in accordance with our sister countries within the Andean Pact. We have clearly defined the areas, limits and conditions for the participation of foreign investments. The foreign investment superintendence has strictly controlled these investments so they are channeled for the purpose of bringing about true development in accordance with the national interest.

This conduct in a way implies an open rejection of international capital. In the new phase of industrialization which we will enter very soon in manufacturing capital goods--in which the needed technology is more complex and more scarce and additional resources and investment are required--foreign capital could make an invaluable contribution to the integration of Venezuelan industry and technology.

The internal debt totals [number indistinct] bolivares, or 36 percent of the total debt. Of this, 7 billion represent commitments of state enterprises to the Venezuelan Investment Fund, that is, debts of state enterprises to the public sector.

The same is true of the value of fixed incomes, approximately 30 percent of which--4 billion bolivares--is in the hands of state institutions. The rest of the debt, 5.8 billion bolivares, reflects credit to private entities.

The granting of financial facilities to private investment by the public sector has influenced the magnitude of the contracted debt. It is a matter of promoting the formation of capital in areas that are of interest to the community in a market structure monopolized by small groups of enterprises. It should be possible to deconcentrate ownership and promote more industries and new entrepreneurs.

For the same reason, the state has intervened to a great extent in the economic system and the establishment of prices in order to prevent oligopolic power from acting to the detriment of consumers. It was therefore necessary to expand the physical capacity of distribution and at the same time modernize the established infrastructure. A large portion of the machinery and obsolete and economically unprofitable equipment has been replaced, with replacements coming from industrialized countries which have accentuated inflation. For this reason new equipment has been more costly.

It is for this reason, in order not to increase inflationary pressures detrimental to the consumers and in order to achieve the goals of long-term development, that the state has taken an important role in financial intermediation as reflected in the amount of the public debt.

To explain the causes and motivation of the public debt within this new financial strategy it is worthwhile to ask if the commitments which we have acquired represent a burden for future generations, or, as is said in partisan political argot, a mortgage on the nation, or if, on the contrary, we have been sufficiently farsighted and responsible in order to anticipate future economic bottlenecks and social trauma in order to benefit the democratic system of our children and our grandchildren.

As I have said on previous occasions, the destiny of resources coming from indebtedness is what in synthesis may or may not justify this debt. It was from the viewpoint of great programs and strategic projects--iron and steel, electrical, aluminum, coal and the agricultural infrastructure--that will be converted into greater capacity for the production of goods and services for the welfare of Venezuelans, that the significance and the wisdom of the public debt must be assessed.

It is in the extraordinary rate of economic growth, projected in a growth rate over the years [inter-anual] of 6.5 percent of the gross national product during my 5 years of administration, in the reduction of unemployment to less than 5 percent, in increased income acquired by Venezuelans, in an increasing savings capacity, where one can see the success and the wisdom of the government's policy.

On turning over the government, I leave to my successor a solid economy in the process of great expansion with enough bases on which to stand. The public and private financial assets abroad of approximately 47 billion bolivares easily surpass the magnitude of the credit balance owed by the Venezuelan nation to the rest of the world. The investments which we have made already have a value that is many times greater than the price of purchase in view of their rise in price due to international inflation.

We leave real assets capable of saving revenue and generating new sources and means of international [word indistinct] in order to consolidate a nominal foreign debt in foreign currency--which will be devalued in the future--and oil reserves which increase in value more and more.

The net enrichment of the country in the public sector can be appreciated in the following figures. The total assets of Venezuelan petroleum are approximately 32 billion bolivares and its net wealth totaled over 25 billion at the end of 1978. Decentralized centers which were responsible for a large portion of the decapitalization and indebtedness have doubled their total assets, increasing from 50 billion bolivares in 1973 to 190 billion bolivares in 1978. Their net wealth increased from 29 billion bolivares to 126 billion in those years, a 600-percent increase. These figures are basically registered at their original price, while their present value on the market would be multiplied significantly.

The nation's fixed assets--that is, buildings, lands, and installations in which various organizations of the administration operate--have increased from 5.6 billion bolivares to 8 billion at the end of that 5-year period, given in purchase price values.

Finally, the investments of the nation in international institutions--basically the International Development Bank, the World Bank, the Andean Development Corporation and the Caribbean Development Bank--have increased from 700 million [currency not given] to 1.4 billion.

This is the real potential of material and financial wealth with which to meet the obligations which we have contracted. However, as I have said on previous occasions, the capacity of the economy to absorb the servicing of its foreign and domestic debt cannot be considered from a static point of view.

In absolute terms these internal revenues increased from (4 billion bolivares) in 1973 to 16 billion bolivares in the last year of my government, an annual growth rate of over 27 percent, without there having been any significant changes in the tax system, which will now improve the situation even more.

To the extent that the prices of our principal exports contribute more income and the expected expansion in the external economy is reflected in increased internal income, additional capitalization can be realized without sacrificing the growth rates of real consumption which Venezuelans have been enjoying in the past few years.

In the event that the international economic situation should be quantitatively less favorable than at present and should therefore lead to only moderate growth rates for the domestic economy, for this complementary accumulation of capital to ensure the success of the basic development programs it will be necessary to require of Venezuelans of all social classes a quota of sacrifice, [that they give up] the less important consumer goods in order to generate the rates of social savings that the state and private economies need to effect these investments. This is how national development must be accomplished--by assuming risks that may occur in order not to resign ourselves to being a country that is controlled by foreign dependence because we failed to make the most of the extraordinary situation which we are experiencing.

It is evident that world inflation, added to the internal imbalance caused by expanded demand as opposed to a relatively inelastic supply, influences the problem of the prices of national products. The level of prices has remained far below the world and continental averages. The increase in prices at the consumer level in the metropolitan area of Caracas was 4.1 percent in 1973. It reached a maximum of 10 percent in 1975 and finally declined to an annual average of less than 8 percent.

The price control and regulation policy imposed since 1974 for the purpose of halting the spiralling increases in the cost of the people's basic goods and services has been subjected to very harsh critical judgments which are partially justified. There must be periodical reviews. Approximately 40 percent of basic consumer goods are subject to regulation. These, along with other measures of provisioning and subsidy, explain the success achieved in controlling price fluctuations. On the other hand, the adverse effects on purchasing power and the inflation rate have been counteracted by greater levels of productive employment at the family level, increased supply of services and an increase in the nominal income of the large majorities.

In order to counteract a policy which dangerously increases the high profitability of capital, which is a powerful attraction and which would destimulate investments in certain basic areas, the government has sought measures to contain the surge in speculative activities, particularly in the area of real estate, where ceilings have been established for the square meter of construction and building is enjoying fiscal incentives and certain margins of financing in mortgage banks. Equal importance is given to measures which define the sums which the specialized financial sector must allocate for meeting the need for social housing.

Nationalization of the basic oil and iron industries gave the state the determinant role vis-a-vis the economic resources of our economy. Not only did the country continue to receive the fiscal revenue which it had traditionally received from transnational enterprises; in addition, a substantial portion of the accumulated monies which formerly were sent to the companies' home offices returned to the public treasury.

In addition to the 29 billion bolivares received annually as fiscal income from the nationalized enterprises--that is, three times more than that which the treasury obtained annually in the previous 5-year period--Venezuela has obtained, as an exclusive benefit of nationalization, 18 billion bolivares which formerly would have been added to the coffers of the richest nations on earth in the form of dividends.

The government's administrative decisions on the registry and authorization of industrial projects as well as the concession of credits, capital stock and [word indistinct] participations have opened opportunities for new investors in sectors which have traditionally been controlled by monopolistic and [word indistinct] interests. The creation of a modern business sector out of the organized working classes constitutes a powerful instrument to democratize the structure of the ownership of wealth and to identify the large movement with the tasks of national development and the increasing requirements for the accumulation of capital which this development requires. Therefore, this administration strengthened the labor enterprises, including the Banco de los Trabajadores and other financial institutions such as the Housing Savings and Loan Corporation, the financial association of the Federation of Oil Workers, and the service enterprises of the Venezuelan Peasant Federation. Deposits in the Banco de los Trabajadores have increased from (?61) million bolivares in 1973 to more than 3.3 billion bolivares in 1978, that is, they multiplied more than 40 times.

This increase in the capacity to attract resources allowed it to increase its investments in a similar manner, from 97 million to more than 4.4 billion bolivares, the great majority of which has been invested in housing for workers. This is the beginning of what should be a sustained policy of increasing democratization of our economy in order to attain the supreme objectives of an economic social democracy.

According to the provisions of the fifth national plan, we have obtained balanced development of the regions by locating industrial projects in different entities, taking into consideration their economic potentials and characteristics in the location of the physical infrastructure. In the steel industry there are Orinoco Mining and Steel [SIDOR] and the Zulia Development Corporation projects. Plan 4 of SIDOR requires an investment of 16 billion bolivares and will increase production to 5 million tons. In November 1978 we began operating some of the basic installations of the complex, such as the electric plate and bar rolling mills and the direct conversion ovens [hornos de reduccion directa]. The projects will be completed at the end of 1980.

The Zulia steel industry, of which the structures are now under construction, will also have a capacity of 5 million metric tons per year. Together with it, we will develop the coal program, which will be able to supply all the coke required by the steel industry and coal for electric power generation. The Carbozulia [not further identified] Corporation was established to produce the coal.

If these plans which are vital for economic nationalism and the strengthening of the Venezuelan sovereignty are not interrupted, construction of the Zulia steel plant will have begun by the end of 1979. The first stage will be able to begin operating in 1983 with production of 1.1 million metric tons of molten steel and an investment of 11 billion bolivares. The project will be completed in 1990, when Venezuela will be consuming 11 million tons of steel.

Another fundamental accomplishment during the 5-year period is the aluminum industry. The increased production of Alcasa [not further identified] made history. It increased from 54,000 to 124,000 metric tons of aluminum per year with an investment of 750 million bolivares. The Venalum [not further identified] corporation, with 80 percent Venezuelan capital and a production capacity of 280,000 tons of aluminum per year, was put in operation with initial production of 70,000 metric tons. It is important to point out that 70 percent of the production of this plant is exported and will generate close to $500 million per year. Its construction with an investment of 2.7 billion bolivares will be completed by the end of 1979.

Fanatrac, a corporation with the capacity to produce 15,000 agricultural tractors and 10,000 diesel engines per year, began operations in Ciudad Bolivar. For the first time we are producing tractors in Venezuela. The plant will be completed at the beginning of 1980 and the Guayana smelter, with a capacity of 50,000 metric tons of cast parts per year, will begin operating in 1982. In this fashion we will have an integrated metal-mechanical complex for the production of tractors manufactured completely in Venezuela. The investment in the whole complex has been estimated at approximately 700 million bolivares.

The first Venezuelan industrial plant for the construction of heavy commercial vehicles by a Spanish-Venezuelan consortium began producing Pegaso buses and trucks in Cumana.

I have repeatedly informed the Congress and the nation on the progress of the nationalized oil industry. I have little to add to the optimism which I have always expressed. (?There has been no deteriorization) in our industry, and its administration grows stronger every day, based on scrupulous administrative and technical standards.

In my fourth [state of the nation] speech I made reference to unjustified pessimism which prevailed in our industry in relation to world markets. A substantial decrease in exports had caused unjustified alarm. I am going to repeat what I said then: The oil which we do not sell today will be a reserve for tomorrow of a scarce and necessary product for the world, and its price will increase.

The suspension of Iran's exports has made the world tremble. The fabulous reserves discovered by transnational news agencies are nowhere to be seen. Nor did the consumption of the industrialized countries decrease; they continue to squander oil. On the contrary, the Iranian crisis opens a second stage in the energy drama: The vulnerability of the supplies and reserves and inventories has been revealed. There will be no [words indistinct] for the large countries and the increase in the price of oil cannot be prevented, due to the jittery and increasing demand as well as due to the conservation measures which oblige the OPEC member countries to responsibly make any increase in consumption, which will dangerously decrease the reserves for future humanity, more expensive.

The Venezuelan economy, which is based on oil wealth, unquestionably guarantees the continuity of the great development plans to liberate it in the not too distant future from its present dependence on oil. No one can any longer fear a presumed decrease or reduction of the world markets or that the inevitable increase in price will stop. Our bold estimates in the fifth national plan have been demonstrated to be rational and sensible within the extraordinary dimension of the projects in progress, which [words indistinct] measures which guide the plans and projects in progress. A periodic revision and correction of errors or omissions should be a permanent task of the new administrators. Elimination of some of the large projects or a slowdown of their completion cannot be justified. That would make them dangerously more expensive and delay the opportunities that arise for sectors to undertake nontraditional exports to the markets of the world, thus insuring the economic independence and serving of the existing and future foreign debt.

One of the characteristics of the industrialization process has been orientation toward the direct production of consumer goods tied into the policy of substitution of imports which was adopted at the beginning of the 1960's. These imports represented 30 percent of all imports in 1960, 22 percent at the end of that decade and less than 20 percent in 1978. The change in the structure of imports facilitated the process of accumulation in the same direction, resulting in the most noteworthy variations in investments in livestock, agriculture, manufacturing and service activities and in (?our) physical structures, which together grew at an annual rate in excess of 9 percent compared to the overall average growth rate of 6 percent. This elemental phase of industrialization--identified more with existing assets and liabilities than with integration of industrial and agroindustrial production processes--is temporarily increasing our imports, which affects the balance of payments.

We still have not attained a diversification and expansion of exports, requiring new capacity to produce foreign currency. On the other hand, the lack of a production infrastructure has resulted in an industry and an agriculture which are highly dependent, not only because of the need for machinery, equipment and technology, but also because incipient production of many industrial supplies imposes the necessity of obtaining an increasing amount of raw materials and intermediate goods abroad.

Servicing of the public debt also affects the balance of payments. In spite of the fact that the conditions for obtaining credits have been exceptionally advantageous as far as cost is concerned--less than 8-percent interest on the average--the situation regarding credits obtained for 5-year periods--wheras the projects in progress have maturity dates exceeding 6 years--creates a cash flow problem because the period of repayment of the debts plus interest is far less than needed for the investments to generate a good return.

Therefore, we have decided to renegotiate and refinance these loans to coordinate them as much as possible with the period of recovery of these investments. This will improve the balance of payments situation.

Throughout its administration, the national executive has not neglected the armed forces. As the country's wealth has increased, its international policy has led to more active participation in the world. This made it necessary to have armed forces in which there is a process of continuing improvement, armed forces which are capable of guaranteeing internal order and the full exercise of national sovereignty. [applause]

My visits to Jamaica, Surinam, Barbados, the Netherlands Antilles and the Amazonian ethnic exhibition inaugurated this year during President Senghor's visit to Venezuela have served to emphasize the new attitude of justice regarding (?Caribbean) and African participation in our national character and to express our solidarity with the new Caribbean nations.

Actions during this constitutional period have been particularly intensive in the area of international politics. Venezuela has become involved in a serious and coherent international activity. The country has been placed in a position of prominence and respect within the community of nations. We have become aware of our increasing international responsibility to act in consonance with the requirements of an era marked by stubborn opposition to discrimination, domination, and exploitation.

Struggles and demands for vindication have generated a high degree of solidarity and understanding among peoples and governments in a desire to bring to fruition hopes for equity and justice in international relations. The fate of the developing countries is linked more than ever to the provisions and stipulations which make up international politics. This is the importance of Venezuela's foreign policy. Our opportunities for progress are determined not only by the much or the little that we are able to accomplish domestically; they also depend on the victories which we win in the sphere of international relations, where the true battle is being waged on behalf of our right to development and a dignified life for our peoples, without implying activities against any powerful country or against any ideology or system.

Proclaiming dialog and universal fraternity as basi and unrenounceable premises for global understanding, we have sought to take the North-South controversy to fields of harmony and understanding while maintaining irreversible determination to carry on our struggle for international justice.

In the Group of 77, which coor inates initiatives and positions of developing countries within the United Nations, Ve uela has taken a position in the vanguard that is consistent with our ideas as a democratic country that aspires to autonomous development. In the United Nations and UNCTAD, as well as in the North-South conference, at which Venezuela served as chairman, and at other world forums Venezuela has been the spokesman for and defender of the interests of the Third World.

Formidable obstacles hinder the realization of unpostponable changes in the present international order. The results of dialog illustrate clearly the stubborn resistance of most of the industrialized countries to any modification of this decadent order, which is based on privilege and the division of the world into producing and consuming countries. However, one virtue of the North-South dialog has been that neither rich nor poor, developed nor developing countries deny or attempt to ignore the fact that the establishment of the new international economic order is essential and inevitable.

This has been due to certain changes of attitude which we have perceived in the developed world and to the resolute determination of Third World countries to persevere in their struggle, which leaves room for us to trust that we will overcome this situation.

In this regard the negotiations regarding the establishment of the common fund--the key to the integrated basic products program--which will take place next week will crucially test the willingness of the developed countries to carry out the necessary changes that will benefit not only the developing countries but also the developed countries themselves.

Latin American integration was a priority objective of my government. We have worked diligently to strengthen areas of integration which have been defined in the region, aware that the difficulties of this indispensable and determinant [condicionante] process are unavoidable, but not insuperable, and that there is not a single path or a single method by which to achieve it.

Integration is the challenge of our destiny that our peoples have ahead of them. Integration is our only option for the future, the only path that can take us to full economic independence, social justice, well-being and a democracy that becomes a system that governs us all and improves the quality of life for our peoples.

We promoted the creation of the Latin American Economic System as a permanent and pragmatic regional organization of consultation, coordination, cooperation and joint economic and social promotion designed to fill a role of basic importance through its action committees.

The Andean Group has taken steps of obvious importance. The establishment of this subregional group has been consolidated and decisive steps are being taken toward Latin American integration.

The Treaty of Amazonic Cooperation proposed by Brazil, which Venezuela signed last year with seven other Latin American countries, is a notable example of the regional cooperation projects, evidencing the will to combine capacities and initiatives. The treaty is designed to strengthen the mechanisms of cooperation among member nations of the Amazon region and to promote the national development of the Amazon basin and its environment. This treaty is the instrument to make the Amazon a common challenge within our capacities and creativeness.

In Latin America we have sought not only economic rapprochement among our countries and confidence within the Third World but also the strengthening of democracy and integral respect for human rights. Our presence at international forums, where we have signed all their conventions and declarations, gives us the right to address all those issues proclaimed in those international pacts which we are committed to demand respect for and respect.

We cannot remain indifferent to this controversy and we cannot accept situations which go against liberty and the dignity of man, regardless of the political basis of regimes or governments. We are deeply concerned about the trend in Latin America to suppress fundamental rights of human beings, the exercising of the democratic will of peoples being one. Our position has been firm, constant and steadfast and has led us into serious confrontations with certain regimes of the region.

In the face of the tragedy of the Nicaraguan people, subject to an abominable dictatorship which has massacred entire villages, Venezuela has adopted a proper stand of close solidarity with that great people. It denounces the regime openly, without veiled diplomatic jargon, demanding action by the governments which have committed themselves in the OAS to insuring respect for human rights and, as in this case, the lives of men, women and children, helpless in the face of the bestiality that has been unleashed. [applause]

The Nicaraguan people are experiencing a tragic situation in view of the merciless violation of elemental rights. The people have been oppressed for many years and subjected to the most vile sacrifice of human lives. No one can remain indifferent. The American conscience must awaken in the face of so much sacrifice, in the face of so much devastation which, furthermore, threatens peace in Central America.

Allow me, Mr President, to offer my respects to the widow of Pedro Joaquin Chamorro. [applause]

In our second message to Congress we praised the policy of openness toward democratic Latin America that President Carter announced at the outset of his term. We commended his administration's ethical values that give priority to the struggle for human rights. Even though he has assumed responsibilities that so far no other American administration had assumed, we feel profoundly frustrated today at the wavering and contradictions with which our cordial appeals to adopt common stands on human rights regarding the drama in Nicaragua have been answered. I must, with complete honesty, in a friendly manner, call for consistency on a position that has won for the United States and its President profound sympathy in Latin America by sweeping away much of the deadweight that has overshadowed relations between the northern and southern parts of the continent for so many decades. [applause]

Our position is opposition to all regimes that are not the product of the expression of the people's will. We accept pluralism as an indispensable and conditioning factor in the Third World struggle and in Latin American integration. We demand respect for human rights, and we hope each nation will have the right to elect its rulers freely.

We do not accept as legitimate any armed forces government in any Latin American country. However, there are priorities in this struggle for continental democracy without hostility or war. In every case we have tried to use our diplomatic relations to promote movements in countries where we have seen honest and sincere intent to return to institutional normality. Bolivia, Ecuador and Peru are fraternal nations where we have high hopes regarding the behavior of their governments and armed forces. Real breakthroughs have been made there toward institutional and democratic solutions.

We have given unconditional support to the struggles to eradicate the last remnants of colonialism in Latin America. Panama had the most enthusiastic and determined cooperation of the people and government of Venezuela. Venezuelans can feel proud that we contributed to the happy conclusion of the negotiations between the United States and Panama whereby the treaties that will restore full sovereignty over its territory to the fraternal nation were reached. [applause] My government granted special importance to the need and urgency of finding definitive solutions to conflicts which are still latent in America to a greater or lesser degree.

We have promoted, within the limit of our capabilities, attitudes of understanding. In the Ayacucho Declaration signed on 9 December 1974, Argentina, Bolivia, Colombia, Chile, Equador, Panama, Peru and Venezuela committed themselves to creating conditions that will permit effective arms limitation and bring an end to their acquisition of warlike, offensive means. They dedicated resources to the socioeconomic development of each of the Latin American countries within the framework of the connection between disarmament and development that we have promoted internationally. Aware of the difficulties that have emerged to fulfill the noble goals of the Ayacucho Declaration, Venezuela proposed the reaffirmation of this declaration as regards the arms race, and in June 1978 the signatory nations committed themselves to redoubling efforts to make arms limitation effective.

Following this initiative a dialog was initiated among virtually all Latin American countries with a view to establishing consultative mechanisms to coordinate measures to permit tangible results in limiting the arms race.

In the Ayacucho Declaration Venezuela also expressed solidarity with other countries searching for a solution to Bolivia's just cause and efforts in its legitimate decision to resolve its landlocked problem. With clear frankness I wish to express Venezuela's concern over unconfirmed news from reliable sources about the increasing arms race in those countries which participated 100 years ago in the terrible War of the Pacific.

How nice it would be for America and the whole world if after 100 years of apprehension and resentment that terrible chapter of Latin American history were closed. Trophies, scars and wounds from that conflict are still evident. To heal the wounds, to erase the scars, such as Bolivia's landlocked problem, and forget [words indistinct] would be the best gift we could offer the forebears of our nations who gave us fatherland and freedom on the 100th anniversary of such a tragic event. [applause]

We have participated actively in efforts by Caribbean countries to promote their development and strengthen their sovereignty. We have sought to strengthen lasting relations with them with honest proposals which can never be overshadowed.

We are a Caribbean country with more than 2,000 km of coastline. A fundamental aspect of my administration's policy has been the affirmation of Venezuela's sovereign rights along its vast geographic zone, with absolute respect for the rights of the other Caribbean countries. As a result of both interesting and complex negotiations, significant treaties have been reached regarding the delimitation of marine and submarine areas. They stand as one of the best accomplishments of my administration, reached within the context of the greatest cordiality, cooperation and understanding among our nations.

With the Kingdom of the Netherlands, the Netherlands Antilles and the United States, in 1978 we signed and ratified treaties on the delimitation of marine and submarine areas. We have just signed a similar treaty with the Dominican Republic.

With the United States, we delimitated areas where the exclusive economic zones of our countries run into the zone of Puerto Rico and the Virgin Islands to the north of (Guares) Island. These treaties are especially important for Venezuela. They establish (?limits) of our sovereignty over extensive marine areas. They contribute to laying the groundwork for [word indistinct] and understanding in our relations with those countries.

Especially important is the fishing agreement signed between Venezuela and Trinidad and Tobago--signed by the two governments in 1978, (?this despite) our concern that this fishing agreement is still not yielding all that we expect from it to further our ties with that fraternal nation. I am certain that the legal framework within which cooperation between the two countries will be regulated for the performance of very important economic activities is a positive instrument. These activities have been the source of unwanted difficulties.

There are many pockets of conflict and worry that disrupt international peace and security. In the (?decade) in which we are living, multilateral diplomacy has emerged as a viable means to solve the common problems of mankind through the combination of efforts and wills. While obstacles to its effective operation are great, the United Nations (?reflects) in its aims and objectives the loftiest feelings of the international community.

As I said on 17 November 1976 during my speech to the world organization, it is there, in the United Nations, where the Third World countries will be able to fully realize our potential, renouncing the passive contemplation of world problems and determined to participate, to get involved in the decisions that set and will set the course of international justice.

The formulation of a new law of the seas appears to be instrumental to international cooperation and justice. During the deliberations of the Law of the Seas Conference that began in Venezuela, we firmly contended that the sea and its resources are the common patrimony of mankind.

We are a popular, democratic regime, open to universal coexistence. We repudiate the policy of blocs. We proclaim our views on the integrity of international solidarity, interdependence, the planetary responsibility of all big nations to take care of the problems of all mankind without provoking anybody, without leadership complexes.

We have wanted our voice to be heard on an equal footing. I have faith and optimism in Venezuela. We are a vital and dynamic nation, with an important world role to play.

Venezuela has consolidated its democratic system. We are living in an era of promising prospects and full institutional normality. Respect for public liberties has been restored. We have strived to give full force to the de jure state, fearlessly unveiling vice, ills, corruption that exist in our society and inevitably affect the public administration.

We have never denied or hidden problems afflicting the administration. We have repeatedly noted that much more remains to be done to achieve a worthy democratic state ethic. Nor have we denied [words indistinct] problems afflicting key segments of the national population.

We analyzed administrative corruption and delinquency before the eyes of the nation. As chief of state, I have always refrained from silencing negative circumstances in our institutional life. I believe, with the firm intention of correcting matters, that only sincerity and openness in facing vices within our society will lead us to adequate and progressive solutions.

I have said--and I repeat--that [words indistinct] should not hide anything. Any criminal, deceitful or irregular activity that has been discovered has undergone the proceedings set forth in our constitution and laws. When there is talk of administrative corruption, there is no presumably fraudulent action that the public [words indistinct] considers that has not been denounced and the investigation required by our laws (?begun).

When arbitrariness, crimes or other offenses, presumably known to citizens who hold public office, are tried, these are incidents that the government is investigating without hiding anything or that have already been submitted to the attorney general's office or the jurisdiction of the courts. No case remains to be cleared up. There is no guilty party free abroad enjoying surreptitious financing by the administration. That euphemism used in [words indistinct] police reports announcing the existence of missing citizens was merely the way to hide homicides that were kept out of the public eye and courts of justice to protect the guilty for the mere fact that they belonged to a state security corps.

I must alert the nation to dangerous circumstances threatening the republic, public faith and credibility of the democratic system. Beyond the parties controversy, in which the bounds of mutual respect can be forgotten and extremes of uncontrolled exaggeration can can be reached, there is subversion subtly waged, using democratic laws in order to penetrate, weaken and then destroy the foundations of the system.

Books, magazines, bulletins are circulating profusely under the protection of the broadest freedom of expression which my government has guaranteed. Without intellectual continence or moral restraint, the most reckless statements and awful innuendo are published in them in regard to personalities and institutions, in both the public and private sectors. These fiery and persistent actions against democracy and its representatives are carried out with impunity.

There are always reasons and events in a fatherland which has full liberties to fabricate, on the basis of lies, half-truths or groundless speculation, the most despicable distortions of the nation's reality, including the activities of its citizens and particularly that of those holding executive or leading positions in the country's vast activities. With deliberate cynicism extending beyond any human consideration or respect for truth in order to finally implant in the public's conscience a thesis generalizing the idea that all men in government lack scruples or public morals and that they are [words indistinct] capable of reaching power to carry out embezzlement and crimes. In addition to national past and present events which may serve as the basis to contrive and to launch [words indistinct], there is also an international literature based on revelations by secret services and state organizations of big powers which makes it easy to attach credibility to warped suggestions in order to spread information and encourage credibility among humble and unaware people.

Assertions are made without it being deemed necessary that they be based on fact. The names and activities of men at various levels and activities of society are exposed to public mockery. In this way democratic governments become, in the eyes of the people, the images of all that is ignoble as well as expressions of violence, corruption and retaliation. The social communications media, which are dutybound to reflect versions of facts and their [word indistinct] giving them [words indistinct] according to their editorial guidelines in view of the impact of news on the public, unwittingly become a fabulous arsenal for hatching the treacherous plot against democratic institutions.

As chief of state, I assume full responsibility for my actions and my adherence to the oath I took here at this place before the nation. (?At this podium) [words indistinct] confront the contingencies of a national reality which was, like all societies in the world, affected by situations which were at variance with morals or legality.

My responsibilities do not end at the conclusion of my constitutional mandate. Neither does that of my aides. We must answer for our actions and conduct. No one can be protected by any consideration based on the false premise that democratic institutions are weakened by the revelation of irregularities or crimes committed by public officials at any level. Democracy's ethical values and the nation's belief in them can only be strengthened the day there is the complete conviction that corrupt and dishonest officials are prosecuted and punished.

The political parties will gradually lose their respectability and significance, much to the detriment of democracy, if the belief spreads that party militants are defended just as a matter of course, as a matter of honor, whenever they are involved in an investigation without previously determining if they deserve solidarity and protection. Venezuelan justice will not attain the greatness its lofty mission requires so long as there is interference in its appointments and efforts from interests or objectives different from those which are supposed to receive its rulings, such as impartiality, [word indistinct] and justice.

In this last message to the Congress of the Republic as president of Venezuela, I feel I have the solemn commitment of proposing this national pact to (?open a real, safe path) free of perfidy to confront, with honest efficiency, the evils plaguing us but which are not very generalized. Most of the country, most of the officials are honest people concerned about serving for the benefit of the nation.

In the legislative field, there is much to be done to create the legal instruments to make it possible to wage an efficient struggle against all types of corruption. The bill on safeguarding the national patrimony is pending approval. It is an indispensable legal framework to prevent administrative vice which would be impossible to control otherwise.

Also pending are the bill on administrative procedures, which establishes crimes of omission, arbitrary and illegal acts on the part of high officials and the corresponding penalities; the partial amendment of the organic law of the judicial branch to establish more effective control over the judiciary; the organic law of decentralized administration to put a stop to unchecked liberality with which decentralized agencies are managed, as well as other bills requiring urgent approval.

I have now submitted another bill which has become urgent in the transnational sphere, from which we receive the most aggressive incitement to corruption also contaminating national procedures. I am referring to the bill providing for mandatory registration of agents of transnational or national sales enterprises and their obligation to report payments to be received, establishing various penalities for Venezuelans and foreigners, as well as revocation of the authority to negotiate or to engage in commercial activities in the country in cases of enterprises proved guilty of bribery. The absence of such a law [words indistinct]. The accumulation of social problems and the large number of underprivileged inhabitants which we are barely reducing now are hotbeds for the proliferation of crime. [Word indistinct] growing traffic with values and the [word indistinct] desire for enrichment combine to form a very negative picture which, without adequate means of prevention and punishment, could create a very dangerous situation for the country's peace and institutional life.

The updating of the penal code and the code of criminal [word indistinct] are another very serious [word indistinct] in the fight against crime.

Venezuelan men and women, work, harmony and confidence in our nation's great destiny invite us to work together. A new constitutional period is beginning. Venezuela is now open to a resplendent future. We have defeated pessimism and gained confidence in what we are capable of doing.

Let us not exaggerate our defects or shortcomings. Let us systematically devote ourselves to making corrections and amends. Let us [word indistinct] with imagination and renewed vigor [frescor] the national ideals in order to strengthen the conviction that unity around the nation's great goals is indispensable.

I will leave the presidency ruing what I was unable to do but with my conscience clear and my willingness to serve stimulated by (?all I am leaving) on a broad and long path to build Venezuela's grandeur.

To my countrymen and the foreigners living in our fatherland, I (?convey) the solidarity and the commitment to continue the struggle for the benefit of all, for social justice, for our country's [word indistinct] democracy [word indistinct] perfection, a fatherland open to kindness, harmony and universal brotherhood, as during the first day of my mandate. With the same optimism and the same indestructible faith in the great destiny of this fatherland, I invite you to get to work. [applause]

COSTA RICA

SANDINISTS SURRENDER HIJACKED NICARAGUAN PLANE

PA081642 San Jose Radio Reloj in Spanish 1625 GMT 8 Mar 79 PA

[Text] [In progress] ...Surrendered to Costa Rican authorities. I repeat that approximately 10 minutes ago the three Nicaraguan Sandinists who hijacked an airplane this morning in Managua, Nicaragua, turned themselves over to Col Guillermo Marti. The plane's pilot is also being held by the authorities. The plane is at the hangars of [word indistinct] eight in the Juan Sanatamaria Airport. Since relations between the Nicaraguan and Costa Rican governments are broken, we are waiting to see what will happen to the plane.

I repeat: The plane was hijacked this morning in Managua and brought to the Juan Sanatamaria Airport. The plane stayed on one of the landing fields for approximately 35 minutes, and then Colonel Marti approached the plane. The three Sandinists turned themselves in, as well as their machineguns and the pilot of the plane, which belongs to the Somoza government. We will be giving further details on the hijacking of the Nicaraguan Government plane today by the Sandinist National Liberation Front.

Security Minister Press Conference

PA081831 San Jose Radio Reloj in Spanish 1630 GMT 8 Mar 79 PA

[Text] [Reporter Carlos Jiménez] We are at the Public Security Ministry offices to attend a press conference called by Minister Juan Jose Echeverria Brealey. Here is Minister Echeverria:

[Echeverria] Considering that several papers and reporters called the ministry after learning about the hijacking of the plane and its landing at Juan Santamaria International Airport, in order to obtain information directly from us, we announced that a press conference would be held at noon and invited any reporter who wished to attend to learn about whatever information we have on the matter. In fact, we have little to add to what was already been reported through the various media in Costa Rica.

Bascially, the information we have is as follows: A Navajo plane, identified with the letters NMNZ, was hijacked by three members of the Sandinist Front, who ordered the pilot at gunpoint to take them to Venezuela. The plane landed here and immediately afterwerd I was informed, along with Transportation Minister Rodolfo Mendez and Col Guillermo Marti, chief of air and maritime vigilance in our territory.

Colonel Marti contacted the hijackers right away and pointing to their error, tried to convince them to change their attitude, assuring them that they would not be harmed by Costa Rican authorities, that their basic rights would be respected. He asked them to release the plane so that it could return to Nicaragua. After a brief talk, Colonel Marti, who entered the plane alone and unarmed, convinced the hijackers to surrender to Costa Rican authorities. They turned the submachinegun over to Col Marti, and they were taken to the airport security offices, where they are now being questioned by security agents and officers of the ministry's Legal Department.

The plane was released. Once the legal procedures are complied with and the Civil Aeronautics Board gives permission to take off, pilot Modesto Rojas Berios will take the plane back to Nicaragua as soon as he deems it convenient.

We have already instructed the concerned authorities to supply him with the necessary fuel for the plane to return to Nicaragua.

[Jimenez] Asked about the fate of the hijackers, the minister said they had requested political asylum, and he had instructed them to file the request in writing and submit it to the Foreign Ministry for action.

The security minister said that because of the rapid developments he had not been informed about any reaction by the Nicaraguan Government. He then identified the three hijackers as Santiago Carmona Palacios, Marvin Wilson Camano and Pablo Robleto Miranda, all of whom claim to be members of the Sandinist Front and to belong to the Pablo Fonseca Amado Patrol.

NINE SANDINISTS ARRESTED ON NORTHERN BORDER

PA081512 San Jose Radio Reloj in Spanish 0000 GMT 8 Mar 79 PA

[Rodolfo Martin telephone report from northern border--live]

[Excerpts] The country's public forces operating in the Penas Blancas area have just arrested nine members of the Sandinist National Liberation Front. We repeat: Nine persons have been arrested near hill 353 during an operation carried out by the public forces. The nine Sandinists will be arriving in Liberia at any moment. From here they will be taken to the capital.

At dawn today there were reports about the surrender of four Sandinists who were members of the Emilio Narvaez Munoz Squad of the Benjamin Zeledon Southern Front. These four were arrested at Victoria de Upala, between Mejico and San Jose de Upala.

The public security minister visited hill 353 this morning and other security posts. The public force is fulfilling its objectives. It has found equipment allegedly used by the guerrillas. A .50-caliber machinegun, as well as ammunition for this weapon have been seized. The public forces also found a minefield and [words indistinct].

GUATEMALA

GOVERNMENT REJECTS JOURNALISTS' CALL FOR INVESTIGATION

PA081405 Paris AFP in Spanish 0248 GMT 8 Mar 79 PA

[Text] Guatemala City, 7 Mar (AFP)--The government today rejected the Guatemalan Chamber of Journalism's demand that it investigate the armed attacks against the news media and journalists so that those repsonsible will be punished.

In a press communique, the government indicated that it has given protection to the social communications media which have been attacked with gunfire. The government added that the charges about various threats to newsmen do not stem from their professional journalistic activity but are of personal nature.

"In other cases," the communique noted, "it has been learned that the attacks against some news media and newsmen have come from antagonistic extremist groups operating outside the law." "If the government makes efforts to identify and control the members of those clandestine organizations, it is illogical for the chamber to challenge it to punish those responsible for those attacks on the news media," the official communique added. [sentence as received]

PRESIDENT RECEIVES VISITING DOMINICAN FOREIGN MINISTER

PA081425 Panama City ACAN in Spanish 2026 GMT 7 Mar 79 PA

[Excerpt] Guatemala City, 7 Mar (ACAN-EFE)--Dominican Foreign Minister Ramon Emilio Jimenez met here today with Guatemalan President Gen Romeo Lucas. The meeting was held at the presidential residence in Guatemala City, in the presence of Guatemalan Foreign Minister Rafael Castillo Valdez. Jimenez, who began a 3-day visit to Guatemala this morning, conveyed the greetings of Dominican President Antonio Guzman to the Guatemalan chief of state.

NICARAGUA

AIR FORCE COMMANDER DENIES HIJACKED PLANE OWNED BY SOMOZA

PA081744 Panama City ACAN in Spanish 1730 GMT 8 Mar 79 PA

[Text] Managua, 1 Mar (ACAN-EFE)--Col Orlando Zeledon, commander of the Nicaraguan Air Force (FAN), today denied here that a plane owned by President Anastasio Somoza had been hijacked. The denial was made in view of reports from Costa Rica that a cell of the Sandinist National Liberation Front (FSLN) hijacked a "Navajo" plane here owned by the Nicaraguan chief of state.

"President Somoza has no planes of that type; therefore, the report is false," said another source consulted by ACAN-EFE.

The plane is reportedly at Juan Santamaria Airport of the neighboring country, where the hijackers turned themselves over to authorities.

FAO MEETS TO ANALYZE GENERALIZED VIOLENCE

PA081137 Panama City ACAN in Spanish 2327 GMT 7 Mar 79 PA

[Text] Managua, 7 Mar (ACAN-EFE)--Broad Opposition Front [FAO] leaders today continued an analysis of the repercussions of the spiral of political violence coinciding with the crime wave sweeping Nicaragua. The FAO plenum met in Managua yesterday to discuss the serious wave of violence afflicting the country, especially in the last few days.

In the last few days, the Nicaraguan information media have been full of reports of incidents which point to indiscriminate destruction of production facilities and a resultant loss of lives. As a result of the unstable situation, the FAO assembly agreed to request reports from nine political and labor opposition organizations which are part of the moderate alliance to hear each position on the problem and to publish a thorough analysis of the country's generalized violence.

Only yesterday, several isolated incidents in the country paralyzed three cotton gins in western Nicaragua, while local banks suffered more than 1 million cordobas (more than $142,000) in losses as a result of several armed robberies. A large number of the incidents have been attributed to Sandinist National Liberation Front cells.

COOPERATION PROTOCOL SIGNED WITH SOVIET UNION

FL082226 Havana Domestic Service in Spanish 2204 GMT 8 Mar 79 FL

[Text] The protocol of the ninth meeting of the Cuban-Soviet intergovernmental commission for economic, scientific and technical cooperation was signed today in the halls of the Sierra Maestra Hotel in Havana City. The document was signed by Carlos Rafael Rodriguez, member of the PCC Politburo and vice president of the Councils of State and Ministers, and Ivan Arkhipov, deputy chairman of the USSR Council of Ministers.

Fulfillment of bilteral obligations contained in the 1976-80 agreement and the status of work for the coordination of Cuban and Soviet state plans for the next 5-year period were examined at the ninth meeting and termed satisfactory. The fulfillment of trade between the two countries in 1978 also was examined. Such trade reflected satisfactory results.

Trade between Cuba and the Soviet Union has grown considerably from 160 million rubles in 1960 to 4 billion in 1978, Carlos Rafael Rodriguez noted after the signing of the protocol. The vice president of the Cuban Councils of State and Ministers said the intergovernmental commission is based on the indestructible friendship that exists between the two countries.

For his part, Ivan Arkhipov, chairman of the state planning committee--GOSPLAN--[as heard] stressed the close ties of cooperation between the USSR and Cuba, adding that they reflect a feeling of revolutionary fraternity between the two peoples.

Cuban ministers and officials and USSR representatives attended the signing of the protocol of the ninth meeting of the Cuban-Soviet intergoverntal commission for economic, scientific and technical cooperation.

PEREZ HERRERO RECEIVES DEPARTING USSR AMBASSADOR

FL081721 Havana Domestic Service in Spanish 1700 GMT 8 Mar 79 FL

[Text] PCC Central Committee Secretariat member Antonio Perez Herrero has received Nikita P. Tolubeyev, member of the CPSU Central Committee and USSR ambassador to Cuba. Also participating in the fraternal meeting, which took place on the occasion of the conclusion of the diplomat's mission to our country, was Luis Felipe Vazquez, an official of the PCC Central Committee Foreign Relations General Department.

RODRIGUEZ MEETS WITH CEMA OFFICIAL

FL081122 Havana Domestic Service in Spanish 1100 GMT 8 Mar 79 FL

[Text] Carlos Rafael Rodriguez, member of the PCC Politburo and vice president of the Councils of State and Ministers, has received engineer (Anatoliy Kirilenko), director of the CEMA Standardization Institute, who is visiting Cuba at the invitation of the State Committee for Standardization.

During the talks engineer (Kirilenko) gave a broad explanation on the tasks of the CEMA Standardization Institute as well as other matters dealing with the different CEMA organs. The two sides discussed the importance that Cuba's participation in CEMA tasks has for our country. The meeting was held in an atmosphere of comradeship and friendship.